

DMA ADMINISTRATIVE LETTER NO: 06-14, MAGI-HOUSEHOLD DETERMINATION AND 5% INCOME DISREGARD

DATE: **October 30, 2014**

SUBJECT: **MAGI-Household Determination and 5% Income Disregard**

DISTRIBUTION: **County Directors
Medicaid Supervisors
Medicaid Eligibility Staff**

I. BACKGROUND

The Patient Protection and Affordable Care Act of 2010 requires the use of new financial methodologies when determining eligibility for certain Medicaid programs and NCHC. This methodology redefines the financial household and household income by eliminating the use of certain disregards and utilizing tax-based rules.

Modified Adjusted Gross Income (MAGI) methodology is to be used to determine how income is counted and how household composition and a family size is constructed when determining eligibility. MAGI is the Adjusted Gross Income with specific exceptions, according to federal tax rules. The applicant/beneficiary's countable income is the total MAGI countable income for the household.

The purpose of this administrative letter is to provide instructions on determining the household income for Medicaid/NCHC. This includes revision to the application of the 5% income disregard. DMA Administrative Letter 06-13, Addendum 1 will become obsolete with this letter.

II. OVERVIEW OF CHANGES

- A. Income limits for MAGI groups were converted to MAGI equivalent limits (see attached "MAGI Medicaid Income limits" chart).**
- B. Children age 6 thru 18 who were previously eligible for NCHC with income under 133% are now eligible for Medicaid in the MIC-1 age 6 thru 18. The children, must be identified separately from MIC-N. There are four different income limits for this age group.**
- C. A 5% income disregard is applied only if an applicant/beneficiary's income exceeds the highest comprehensive full Medicaid program income limit for that individual.**
- D. For self-employment, all federal tax deductions that are allowed on the federal tax return are now allowed for MAGI Medicaid/NCHC.**

- E. The use of disregards and deductions has significantly changed for MAGI groups. Please refer to the comparison chart in V.D.**
- F. Specified relative other than a parent and their spouse may be eligible as a caretaker.**
- G. In certain situations, when siblings under age 19 are included in the same household, all of their income is counted in each other's household.**
- H. There is no asset/resource test for MAF-C, MAF-N, and HSF-N.**

III. POLICY PRINCIPLES

- A. The rules in this letter do not apply to Medicaid groups that do not use MAGI methodology. Refer to Administrative letter 06-13 for groups that are excluded from MAGI methodology.**
- B. There is no asset/resource test for Medicaid groups that use MAGI methodology.**
- C. Countable income using MAGI methodology is referred to as MAGI countable income.**
- D. Although MAGI rules are based on federal tax rules, MAGI for Medicaid and NCHC is applied whether or not an individual is expected to file a tax return or be claimed as a tax dependent. MAGI also applies to non-filer households.**
- E. Determination of base periods has not changed with the implementation of this policy.**
- F. Income conversion computation has not changed with the implementation of this policy. When applicable, income received weekly, bi-weekly, or twice a month must be converted to monthly gross amount.**
- G. During the application/redetermination process, the a/b is required to answer whether or not they expect to file a tax return or be claimed as a tax dependent. The client's responses must be documented. However, verification is not required.**

IV. DEFINITION OF TERMS

The following definitions are for Medicaid/NCHC purposes and how they relate to MAGI and household income.

- A. Adjusted Gross Income (AGI) - gross income minus allowable tax deductions. The IRS form 1040 may be used to determine the allowable deductions. To view forms visit [IRS.gov](https://www.irs.gov).**

B. MAGI Income - the total income for an individual in the MAGI household.

C. Countable Income -The total countable income of an individual when MAGI methodology is applied.

D. Medicaid Aged child - Natural, adopted, or stepchild under the age of 19.

Note: Medicaid still covers children under the age of 21. However, they are not considered a Medicaid aged child when determining the MAGI household.

E. Modified Adjusted Gross Income (MAGI) - Adjusted Gross Income with specific additions and exceptions. It is called Modified Adjusted Gross Income because the rules were modified from the IRS Adjusted Gross Income rules for Medicaid/NCHC.

F. Parent/Caretaker-Must have a child under the age of 18 in the household.

1. A specified relative and spouse may both be eligible as the caretakers. The definition for specified relative and kinship has not changed.
2. A specified relative(s) may be the caretaker even if a parent is in the home.

For example: Grandmother and mother are in the home. The mother is unable to care for her child. The grandmother can be the caretaker because she provides the day to day care for her grandchild. The statement of primary caretaker should be an ongoing situation, not temporary incapacity.

V. WHAT INCOME CAN BE COUNTED

Once the MAGI household composition is established apply MAGI methodology to determine the total countable income for each household. Refer to Administrative Letter 06-13 for instructions on determining a MAGI household for each A/B.

A. MAGI Countable Income

1. MAGI countable income includes income such as, but not limited to:
 - a. Wages/tips
 - b. Unemployment
 - c. Pension and annuities
 - d. Income from business or personal services
 - e. Interest
 - f. Alimony received
 - g. Social Security benefits
 - h. Foreign earned excluded from taxes
 - i. Lump sum in the month received

2. Although some of the income sources indicated in the list above may not be countable under IRS rules, they are countable for Medicaid/NCHC purposes.

B. MAGI Non-Countable Income with Modifications

Do not count the following income:

1. Child support
2. Gifts and inheritances
3. Cafeteria/flexible spending plans
4. Contributions to 401(k)
5. Pre-tax retirement contributions
6. Scholarships, awards, or fellowship grants used for education expenses. Any amount used for living expenses is countable income (room and board).
7. Lump sums, except in the month received
8. Certain Native American and Alaska Native income.
9. Veteran's Benefits
10. Worker's compensation
11. Eugenics Compensation

C. Self-Employment

1. When using tax returns for self-employment, countable self-employment income can be found on line 31 of the IRS form 1040, Schedule C ([IRS.gov](https://www.irs.gov)).
2. If tax returns are unavailable, business records can be used. Determine gross self-employment income and allow all **verified** expenses that are allowable deductions by the IRS shown on form 1040, Schedule C.

Note: Certain tax deductions previously not allowed for self-employment are now allowed (depreciation and business losses).

D. MAGI income rules vs. Traditional Medicaid income Rules

MAGI income rules differ significantly from non-MAGI income rules when determining countable income. Certain income sources that were counted or disregarded for non-MAGI are no longer counted or disregarded when applying MAGI rules. The following tables compare some of the changes.

Income	Traditional Medicaid Rules	MAGI Medicaid Rules
Salary Deferrals (flexible spending, cafeteria, 401 (k) plans and other pre- tax retirement contributions)	Counted	Not Counted
Child Support	Counted	Not counted
Veterans benefits	Counted	Not counted
Worker's compensation	Counted	Not counted
Gifts and Inheritances	Counted as lump sum in the month received	Not counted

Deductions/Disregards	Traditional Medicaid rules for Deductions	MAGI Medicaid rules for Deduction
Alimony paid	Only deducted from income when court-ordered	Deducted from income
Earned Income Deduction (27.5%)	Deducted from income	Not deducted from income
Federal and State Earned income Tax Credit (EITC)	Deducted from income	Not deducted from income
Standard Work deduction (\$90)	Deducted from income	Not deducted from income
Child/Adult care deduction	Deducted from income	Not deducted from income
Self-Employment	Limited deductions for some business expenses.	Deductions for most expenses, including depreciation and business losses as allowed by federal tax rules.
Job Bonus	100% earned income disregard	Not Disregard
5% Income Disregard	N/A	Deducted from total countable income if income exceeds the limit for Medicaid. If ineligible for full Medicaid, deduct when evaluating for NCHC, Family Planning and MPW if income exceeds those limits.

VI. WHOSE INCOME COUNTS WHEN DETERMINING HOUSEHOLD INCOME

The following guide illustrates how to determine whose income counts in the tax filer or non-filer household.

A. Basic Rules

1. When using a tax household, do not count income of tax dependents unless they expect to file a tax return.
2. When using a non-filer household, if the parent(s) is in the household, do not count the income of the child unless the child expects to file taxes.
3. When using a non-filer household, if the parent is not in the household, count income of child under 19 and of all siblings under age 19 for all of them. Also, include income of spouse of the child.

Counting income depends on the type of household (tax or non-filer) and which individual is involved. See chart below for application of the rules.

Counting Income Tax Household

	Tax Filer(s)	Tax Dependent – child of tax filer – does not meet an exception
Tax Household	Count income of tax filer and co-filer spouse. Include live in spouse's income if not already included in tax HH. Only count income of tax dependents who expect to file a tax return.	Count income of tax filer(s) Count income of the tax dependent applicant, and other tax dependents who expect to file a tax return. Count the income of the tax dependent's spouse if not included in the tax household.

Counting Income Non Filer

	Tax Dependent – not child of tax filer (non-filer rules)	Adult – age 19 or older	Medicaid age child – under age 19
Non-filer rules	Count income for own household regardless of whether they expect to file taxes and count income of live-in spouse. If the tax dependent has children under age 19 in the household, count income of children under age 19 if they expect to file return. If the tax dependent is under age 19 (see last column for Medicaid age child-under age 19)	Count income of applicant and spouse, if in home. Count income of children in household under 19 only if expect to file return	If parent(s) is not in the household count income for own household regardless of whether they expect to file taxes and count income of live in spouse and live in siblings under age 19. If the Medicaid age child has children under age 19, count income of children under age 19 if expect to file return. If parent(s) is in the household, count the income of the parent(s). Do not count income of the child and siblings under age 19 unless they expect to file a tax return.

VII. PROCEDURES- DETERMINING THE HOUSEHOLD INCOME FOR EACH INDIVIDUAL

- A. Add the total countable monthly gross income for all household members to determine the individual's countable income.
- B. This the individual's total MAGI income which is compared to the income limit for the applicable family size and program found on the Medicaid Income Limits Chart.

- C. If the individual's income exceeds the highest full Medicaid income limit, applicable to that person, apply 5% income disregard for the applicable family size from the total MAGI income. The Medicaid caseworker enters the total gross income in NCFAST. In NCFAST, the 5% disregard is applied when the individual fails the income test.**
- D. Do not apply the disregard if the a/b is eligible for full Medicaid benefits without the disregard.**
- E. Apply the 5% disregard when determining eligibility for NCHC, MPW and FPP if it is determined the individual's income exceeds the highest income limit applicable for that person and the applicable family size. Follow the same procedures as for full Medicaid evaluation.**

VIII. EXAMPLES-DETERMINING THE HOUSEHOLD INCOME FOR EACH HOUSEHOLD

In Administrative Letter 06-13, the MAGI household was determined for the following examples. The next step is to determine the household income for each individual. Please refer to attached chart which provides the MAGI income limits to compare the countable income.

- A. Annie (35), Annie's son Jacob (10) and Annie's daughter Miley (7) are in the household. Annie does not expect to file taxes or be claimed as a tax dependent.**

Family's financial situation:

\$100.00/weekly-Annie's salary from housecleaning

\$70.00/Weekly-Babysitting

\$800.00/monthly-child support payments received by Annie for Jacob and Miley

Annie is a non-filer household. Her income counts in her household. Child support payments received are not counted when applying MAGI methodology.

Annie's income

Monthly gross (100 x 4.3) Housecleaning	\$430.00
Monthly gross (70 x 4.3) Babysitting	<u>\$301.00</u>
MAGI Income	\$731.00

Annie's MAGI income exceeds the limit for MAF C/N of \$667.00 for a family size of 3.
Apply the 5% disregard.

MAGI income	\$731.00
Minus 5% income disregard for 3	<u>\$ 82.46</u>
Countable income	\$648.54

Annie countable income is less than the MAF-C limit of \$667.00 for a family size of 3.

Jacob's income

Jacob's household and MAGI income is the same as Annie's. Jacob's income is less than the MIC-1 limit of \$2194.00 for a family size of 3. **Do not apply the 5% disregard.**

Determine which program Jacob is eligible for based on his MAGI income. His income of \$731.00 is less than the MIC-N limit of \$1765.00 for a family size of 3.

Miley's income

Miley's household and MAGI income is the same as Annie's. Miley's income is less than the MIC-1 limit of \$2194.00 for a family size of 3. **Do not apply the 5% disregard.**

Determine which program Miley is eligible for based on her MAGI income. Her income of \$731.00 is less than the MIC-N limit of \$1765.00 for a family size of 3.

applicant	MAGI Household	Annie	Jacob	Miley	Family Size	Countable Income	Eligibility
	Annie	x	x	x	3	\$648.54	MAF-C
	Jacob	x	x	x	3	\$731.00	MIC-N
	Miley	x	x	x	3	\$731.00	MIC-N

B. Mary (51), Mary's son Bill (22), Mary's Nephew Ned (10) and Mary's niece Nancy (10) are in the household. Mary claims all as tax dependents.

Family's financial situation:

\$800.00/monthly gross income-Mary's income from her home business after allowable self-employment tax deductions

\$400.00/monthly gross income-Bill's income from weekend jobs.

\$730.00/monthly gross income- Ned's SSA survivor's benefits

\$730.00/monthly gross income- Nancy's SSA survivor's benefits

Mary is a tax household and she is the filer, so her MAGI income is her income and income of the applicant's other tax dependents who file a tax return. Since Bill, Ned and Nancy are tax dependents and do not expect to file taxes, their income is not counted for Mary.

Mary's income

MAGI income	\$800.00
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Mary's MAGI income exceeds the MAF-C/N limit of \$744.00 for a family size of 4.

Since Mary's MAGI income exceeds the limit, apply the 5% disregard.

MAGI income	\$800.00
5% disregard for 4	<u>-\$ 99.38</u>
Countable income	\$700.62

Mary's countable income is less than the MAF-C/N limit of \$744.00 for a family size of 4.

Bill's income

Bill is a child and a tax dependent of his mother. His household and MAGI income are the same as his mother's. Since Bill is a tax dependent and he does not expect to file taxes, his income is not counted for himself or for Mary. Ned and Nancy also do not expect to file taxes.

Although his countable income is less than the MAF-C/N limit of \$744.00 for a family size of 4, Bill does not qualify because he does not qualify as a caretaker.

Bill's MAGI income of \$800.00 is less than the MAF-D limit of \$2557 for a family size of 2. **The disregard is not applied as his income does not exceed the limit for Family Planning Medicaid.**

Ned's income

Monthly gross Ned	\$730.00
Monthly gross Nancy	<u>\$730.00</u>
MAGI income	\$1460.00

Mary claims Ned on her taxes but Ned meets an exception, he is a tax dependent of someone other than a spouse or parent. Since he is under the age 19 and his parent (s) are not in the household, his income counts for him and his sibling's household regardless of whether he expects to file a tax return.

Ned's MAGI income is less than the MIC-1 limit of \$1744 for a family size of 2.

Although Ned would be eligible for MIC-N, with the 5% disregard, do not apply the disregard because he is under the MIC-1 income limit.

Nancy's income

Nancy's MAGI income and household is the same as Ned's because they are under 19 in the same household.

Nancy's MAGI income is less than the MIC-1 limit of \$1744 for a family size of 2.

Although Nancy would be eligible for MIC-N, with the 5% disregard, do not apply the disregard because she is under MIC-1 income limit.

applicant	MAGI Household	Mary	Bill	Ned	Nancy	Family Size	Countable Income	Eligibility
	Mary	x	x	x	x	4	\$700.62	MAF-C
	Bill	x	x	x	x	2	\$800.00	MAF-D
	Ned			x	x	2	\$1460.00	MIC-1
	Nancy			x	x	2	\$1460.00	MIC-1

C. Carol (49), Carol's daughter Marcia (17), Marcia's daughter, Lily (2), are in the household. Carol claims all as tax dependents.

Family's financial situation:

\$850.00/ monthly gross income-Carol's salary

\$160.00/monthly-Carol's pre-tax retirement contributions

Carol is a tax household and she is the filer, so her MAGI income is her income and income of the applicant's other tax dependents who file a tax return. Since Marcia is a tax dependent and she does not expect to file taxes, her income is not counted for Carol.

Carol's income

Monthly gross	\$850.00
Minus pre-tax retirement contribution	<u>-\$160.00</u>
MAGI income	\$690.00

Carol's MAGI income exceeds the MAF-C/N limit of \$667 for a family size of 3. **Since Carol's income exceeds the limit MAF C/N, apply the 5% disregard.**

MAGI income	\$690.00
Minus 5% disregard for 3	<u>-\$ 82.46</u>
Countable income	\$607.54

Carol's countable income is less than the MAF-C/N limit of \$667 for a family size of 3.

Marcia's income

Marcia is a child and a tax dependent of her mother. Her household and MAGI income are the same as her mother. Since Marcia is a tax dependent and she does not expect to file taxes, her income is not counted for herself or for Carol.

Marcia's MAGI income is less than the MIC-1 limit of \$2194.00 for a family size of 3.

Do not apply the 5% disregard. Determine which program Marcia is eligible for based on her MAGI income. Her income of \$690.00 is less than the MIC-N limit of \$1765.00.

Lily's income

MAGI income	\$ 0.00
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Carol claims Lily on her taxes but Lily meets an exception, she is a tax dependent of someone other than a spouse or parent. Non-filer rules apply. Her household is Lily and her mother, Marcia. Carol is not included in her household and her income is not counted.

Lily's MAGI income is less than the MAF-C limit of \$569.00 for a family size of 2. **Do not apply the 5% disregard.**

Applicant	MAGI Household	Carol	Marcia	Lily	Family Size	Countable Income	Eligibility
	Carol	x	x	x	3	\$607.54	MAF-C
	Marcia	x	x	x	3	\$690.00	MIC-N
	Lily		x	x	2	\$0	MAF-C

- D. Rose (48), Rose's daughter Alice, (17), Alice's daughter Kitty (1), are in the household. Rose claims Alice as a tax dependent. Kitty is claimed by her father Dennis (20), who does not reside in the household.**

Family's financial situation:

\$1560.00/monthly gross income-Rose's salary

\$600.00/monthly - Child support payments received by Rose for Alice.

Rose is an adult in a tax-filer household. Her income counts in her household. However, under MAGI rules, child support payments received are not counted.

Rose's income

MAGI income	\$1560.00
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Rose's MAGI income exceeds the MAF-C/N limit of \$569 for a family size of 2. **Since Rose's MAGI income exceeds the MAF C/N, apply the 5% disregard.**

MAGI income	\$1560.00
Minus 5 % disregard for 2	- \$ 65.54
Countable income	\$1494.46

Rose's countable income exceeds the income limit of \$569 for a family size of 2 for MAF-C with the 5% disregard.

Rose's MAGI income of \$1560.00 is less than the MAF-D income limit of \$2557 for a family size of 2. **The disregard is not applied as her income does not exceed the limit for Family Planning Medicaid.**

Alice's income

Alice is a child and a tax dependent of her mother. Her household and MAGI income is are same as her mother's. Since Alice is a tax dependent and she does not expect to file taxes, her income is not counted for herself or Rose.

Alice's MAGI income is less than the MIC-1 income limit of \$1744 for a family size of 2. **Do not apply the 5% disregard.**

Kitty's income

Since Kitty is being claimed on her father's taxes, who does not live in the household, and her mother Alice does not have any income of her own, Kitty's countable income is \$0. Rose is not included in Kitty's household so Rose's income is not counted.

Kitty's countable income is less than the MAF-C income limit of \$569.00 for a family size of 2.

Applicant	MAGI Household	Rose	Alice	Kitty	Family Size	Countable Income	Eligibility
	Rose	x	x		2	\$1560.00	MAF-D
	Alice	x	x		2	\$1560.00	MIC-1
	Kitty		x	x	2	\$0	MAF-C

- E. Dennis (20) and Dennis' daughter Lynn (3) are in the household. Dennis claims Lynn as a tax dependent. Dennis also claims his other daughter Kitty (1) who lives in the household with her mother (see example D above, Rose's household).**

Family's financial situation

\$2390.00/monthly gross income-Dennis' salary

Dennis is a tax household and he is the filer so his MAGI income is his income and the income of the applicant's other tax dependents who file a tax return. Kitty is included in Dennis' household.

Dennis' income

MAGI income \$2390.00

Dennis's MAGI income exceeds the MAF-C/N limit of \$667.00 for a family size of 3.
Apply the 5% disregard.

MAGI income	\$2390.00
Minus 5% disregard for 3	<u>-\$ 82.46</u>
Countable income	\$2307.54

Dennis' countable income exceeds the limit of \$667 for a family size of 3 for MAF-C with the 5% disregard.

Dennis's MAGI income of \$2390 is less than the MAF-D limit of \$3216 for a family size of 3. **The disregard is not applied as his income does not exceed the limit for Family Planning Medicaid.**

Lynn's income

Lynn is a child and is a tax dependent of her father. Her household and MAGI income is the same as her father's.

Lynn's MAGI income is less than the MIC-1 limit of \$3464.00 for a family size of 3.

Applicant	MAGI Household	Dennis	Lynn	Kitty	Family size	Countable Income	Eligibility
	Dennis	x	x	x	3	\$2390.00	MAF-D
	Lynn	x	x	x	3	\$2390.00	MIC-1

- F. Jan (45), her boyfriend Phil, (49), Jan's son Mike (16), Phil's Son Brett (14), Jan and Phil's daughter, Emma (4) are in the household. Jan claims Mike as a tax dependent. Mike expects to file taxes. Phil claims Brett and Emma as tax dependents.**

Family's financial situation

\$1200.00/monthly gross income - Jan's salary

\$750.00/monthly gross income – Phil's salary

\$50.00/monthly pre-tax retirement contributions for Phil

\$450.00/monthly gross income – Mike's salary

Jan is a tax household and she is the filer so her MAGI income is her income and the income of the applicant's other tax dependents who file a tax return. Mike expects to file a tax return so his income is included in Jan's household income. Phil's income is not counted because he is not married to Jan and is not in her household.

Jan's income

Jan's monthly gross	\$1200.00
Mike's monthly gross	<u>\$ 450.00</u>
MAGI income	\$1650.00

Jan's MAGI income exceeds the MAF-C/N limit of \$569 for a family size of two. **Apply the 5% disregard.**

MAGI income	\$1650.00
Minus 5 % disregard for 2	<u>-\$ 65.54</u>
Countable income	\$1584.46

Jan's countable income exceeds the MAF-C/N limit of \$569 for a family size of 2 with the 5% disregard.

Jan's MAGI income of \$1650 is less than the MAF-D income limit of \$2557 for a family size of 2. **The disregard is not applied as her income does not exceed the limit for Family Planning Medicaid.**

Mike's income

Mike is a child and a tax dependent of his mother. His household and MAGI income is the same as his mother's.

Mike's MAGI income is less than the MIC-1 limit of \$1744 for a family size of 2. **Do not apply the 5% disregard.**

Phil's income

Phil is a tax household and he is the filer so his MAGI income is his income and the income of the applicant's other tax dependents who file a tax return. Jan's income is not counted because she is not married to Phil and is not in his household.

Phil's monthly gross	\$ 750.00
Minus pre-tax retirement contributions	<u>-\$ 50.00</u>
MAGI income	\$ 700.00

Phil's MAGI income exceeds the MAF-C/N income limit of \$667.00 for a family size of 3. **Apply the 5% disregard.**

MAGI income	\$ 700.00
Minus 5% disregard for 3	<u>-\$ 82.46</u>
Countable income	\$ 617.54

Phil's countable income is less than the MAF-C limit of \$667.00 for a family size of 3.

Brett's income

Brett is a child and a tax dependent of his father. His household and MAGI income is the same as his father's.

Brett's countable income is less than the MIC-1 limit of \$2194 for a family size of 3. **Do not apply the 5% disregard.** Determine which program Brett is eligible for based on his MAGI income. His income of \$700.00 is less than the MIC-N limit of \$1765.

Emma's income

Jan's monthly gross	\$1200.00
Phil's monthly gross	\$ 750.00
Mike's monthly gross	\$ 450.00
Mike's pre tax contributions	<u>-\$ 50.00</u>
MAGI income	\$2350.00

Emma is a child and a tax dependent who meets an exception; therefore non-filer rules are applied. Her MAGI income consists of her parent's income and Mike's income because he expects to file taxes.

Emma's MAGI income is less than the MIC-1 limit of \$4885 for a family size of 5. **Do not apply the 5% disregard.** Determine which program Emma's is eligible for based on her MAGI income. Her income of \$2350.00 is less than the MIC-N limit of \$3280.

Applicant	MAGI Household	Jan	Phil	Mike	Brett	Emma	Family Size	Household Income	Eligibility
	Jan	x		x			2	\$1650.00	MAF-D
	Phil		x		x	x	3	\$617.54	MAF-C
	Mike	x		x			2	\$1650.00	MIC-1
	Brett		x		x	x	3	\$700.00	MIC-N
	Emma	x	x	x	x	x	5	\$2350.00	MIC-N

G. Patsy (45), Patsy's daughter Cindy (20), and Patsy's son Greg (16), are all in the household. Patsy claims Greg as a tax dependent. Cindy does not expect to file taxes or be claimed as a tax dependent.

Family's financial situation

\$2950.00/monthly gross income –Patsy's salary

\$150.00/monthly pre-tax retirement contributions for Patsy

\$375.00/monthly gross income-Cindy's income from housecleaning.

Patsy's income

Patsy is a tax household and she is the filer so her MAGI income is her income and the income of the applicant's other tax dependents who file a tax return.

Patsy's monthly gross	\$ 2950.00
Minus pre-tax retirement contributions	<u>-\$ 150.00</u>
MAGI income	\$ 2800.00

Patsy's MAGI income exceeds the MAF-C/N limit of \$569 for a family size of 2. **Apply the 5% disregard.**

MAGI income	\$2800.00
Minus 5% disregard for 2	<u>-\$ 65.54</u>
Countable income	\$2734.46

Patsy's countable income exceeds the MAF-C/N limit of \$569.00 for a family size of 2 with the 5% disregard. Patsy income also exceeds the MAF-D income limit of \$2557.00.

Cindy's income

Cindy is a not tax dependent of her mother. Cindy does not expect to file taxes.

MAGI income	\$375.00
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Cindy's MAGI income is less than the MAF-N limit of \$434.00 for a family size of 1. **Do not apply the 5% disregard.**

Greg's income

Greg is a child and a tax dependent of his mother. His household and MAGI income is the same as his mother.

MAGI income	\$2800.00
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Greg's MAGI income exceeds the MIC-1 income limit of \$1744.00 for a family size of 2. **Apply the 5% disregard.**

MAGI income	\$2800.00
Minus 5% disregard for 2	<u>-\$ 65.54</u>
Countable income	\$2734.46

Greg's income still exceeds the MIC-1 limit. Greg's MAGI income of \$2800 exceeds the NCHC income limit of \$2766. **Apply the 5% disregard.** Greg's countable income is now less than the NCHC limit for a family size of 2. Greg is eligible of MIC-K.

Applicant	MAGI Household	Patsy	Cindy	Greg	Family size	Household Income	Eligibility
	Patsy	x		x	2	\$2734.46	Ineligible
	Cindy		x		1	\$375.00	MAF-N
	Greg	x		x	2	\$2734.46	MIC-K

H. Whitney (45), Whitney's sons, Paul (15) and Jason (12) are in the household. Jason receives SSI benefits. Whitney claims both her sons as tax dependents.

Family financial situation

\$850.00/monthly gross income-Whitney's salary

\$150.00/monthly pre-tax retirement contributions for Whitney

\$721.00/monthly-Jason's Supplement Security income (SSI)

Whitney is a tax household and she is the filer, so her MAGI income is her income and income of the applicant's other tax dependents who file a tax return. Supplemental Security Income (SSI) is not counted.

Whitney's income

Whitney's monthly gross \$850.00

Minus pre-tax retirement contributions - \$150.00

MAGI income \$700.00

Whitney's MAGI income exceeds the MAF-C/N limit of \$667 for a family size of 3.

Apply the 5% disregard.

MAGI income \$700.00

Minus 5% disregard for 3 - \$ 82.46

Countable income \$ 617.54

Whitney's countable income is less than MAF-C/N limit of \$667.00 for a family size of 3.

Paul's income

Paul is a child and a tax dependent of his mother. His household and MAGI income is the same as his mother's.

Paul's income is less than the MIC-1 limit of \$2194.00 for a family size of 3. **Do not apply the 5% disregard.** Determine which program Paul is eligible for based on his MAGI income. His income of \$700.00 is less than the MIC-N limit of \$1765.00.

Jason is an SSI recipient-his eligibility is not determined under MAGI.

applicant	MAGI Household	Whitney	Paul	Jason	Family Size	Household income	Eligibility
	Whitney	x	x	x	3	\$617.54	MAF-C
	Paul	x	x	x	3	\$700.00	MIC-N
	Jason				SSI recipient		

- I. **Sandy (45), her husband Ben (46), and their pregnant daughter Samantha (17) are in the household. Sandy, Ben and Samantha do not expect to file taxes nor be claimed as tax dependents.**

Family financial situation

\$1200.00/monthly gross income-Sandy's social security benefits

\$250.00/monthly gross income-Ben's veteran's benefits

\$200.00/monthly gross income-Samantha's income from babysitting.

Veteran benefits are not counted when applying MAGI methodology.

Sandy's income

MAGI income	\$1200.00
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Sandy is a non-filer household. Her countable income is her social security income. Her spouse's veteran benefits are non-countable under MAGI. Samantha's income is not counted as she does not plan to file a tax return. Sandy's income exceeds the MAF-C/N limit for a family size of 3. **Apply the 5% disregard.**

MAGI income	\$1200.00
5% disregard for a household of 3	<u>-\$ 82.46</u>
Countable income	\$1117.54

Sandy's MAGI income exceeds the MAF-C/N limit of \$667 for a family size of 3 with the 5% disregard.

Sandy's countable income of \$1200.00 is less than the MAF-D limit of \$3216 for a family size of 3. **The disregard is not applied as her income does not exceed the limit for Family Planning Medicaid.**

Ben's income

MAGI income	\$1200.00
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Ben is a non-filer household. His countable income is Sandy's social security income. His veteran's income is non-countable under MAGI. Ben's income exceeds the MAF-C/N limit of \$667 for a family size of 3. **Apply the 5% disregard.**

MAGI income	\$1200.00
5% disregard for a household of 3	<u>-\$ 82.46</u>
Countable income	\$1117.54

Ben's countable income exceeds the MAF-C/N limit of \$667 for a family size of 3 with the 5% disregard.

Ben's income of \$1200.00 is less than the MAF-D limit of \$3216 for a family size of 3. **The disregard is not applied as his income does not exceed the limit for Family Planning Medicaid.**

Samantha countable income

Samantha's is a non-filer household. Her income is not counted because she is a Medicaid aged child in the non-filer household of her parents. However, Sandy's income is counted in Samantha's household. Samantha's countable income is different from Sandy's and Ben's because she is pregnant and so her household size is 4 (herself, her mother, her father and the unborn child).

MAGI income

\$1200.00

Samantha's MAGI income is less than the MIC-1 limit of \$2644.00 for a family size of 4.

Do not apply the 5% disregard. Determine which program Samantha is eligible for based on her MAGI income. Her income of \$1200.00 is less than the MIC-N limit of \$2127.00.

applicant	MAGI Household	Sandy	Ben	Samantha	Family Size	Household Income	Eligibility
	Sandy	x	x	x	3	\$1200.00	MAF-D
	Ben	x	x	x	3	\$1200.00	MAF-D
	Samantha	x	x	x+1	4	\$1200.00	MIC-N

IX. EFFECTIVE DATE AND IMPLEMENTATION

This policy is effective upon receipt. Administrative Letter 06-13, Addendum 1 is obsolete.

If you have any questions regarding this information, please contact an Operational Support Team Representative.

Robin G. Cummings, M.D.
Director

(This material was researched and written by Ena Lightbourne, Policy Coordinator, Medicaid Eligibility Unit)

MAGI MEDICAID INCOME LIMITS

****MAGI groups do not have Reserve Limits ****

Revised effective 1/1/2014

Family & Children's MA	1	2	3	4	5	6	7	8	9	10	Add'l
196% MPW	1877	2534	3190	3847	4504	5160	5817	6473	7130	7787	857
195% MAF-D	1868	2521	3174	3827	4481	5134	5787	6440	7094	7747	654
194% MIC-N <1	1858	2508	3158	3808	4458	5108	5757	6407	7057	7707	650
194%-210% MIC-1<1	1858.01-2011	2508.01-2715	3158.01-3418	3808.01-4123	4458.01-4825	5108.01-5529	5757.01-6232	6407.01-6936	7057.01-7639	7707.01-8343	704
141% MIC-N (Age 1-5)	1351	1823	2295	2768	3240	3712	4185	4657	5129	5602	473
141%-210% MIC-1 (Age 1-5)	1351.01-2011	1823.01-2715	2295.01-3418	2768.01-4123	3240.01-4825	3712.01-5529	4185.01-6232	4657.01-6936	5129.01-7639	5602.01-8343	704
107% MIC-N (Age 6-18)	1025	1383	1742	2100	2459	2817	3176	3534	3893	4251	359
107%-133% MIC-1 (Age 6-18)	1025.01-1274	1383.01-1720	1742.01-2185	2100.01-2611	2459.01-3056	2817.01-3502	3176.01-3947	3534.01-4393	3893.01-4838	4251.01-5284	446
MAF-C/N	434	569	667	744	824	901	975	1036	1096	1169	78
NC Health Choice	1	2	3	4	5	6	7	8	9	10	
133%-159% MIC-J (Age 6-18)	1274.01-1523	1720.01-2056	2165.01-2598	2611.01-3121	3056.01-3654	3502.01-4186	3947.01-4719	4393.01-5251	4838.01-5784	5284.01-6317	533
>159%-211% MIC-K (Age 6-18)	1523.01-2021	2056.01-2728	2588.01-3435	3121.01-4141	3654.01-4848	4186.01-5555	4719.01-6262	5251.01-6969	5784.01-7676	6317.01-8382	707

MAGI disregard	1	2	3	4	5	6	7	8	9	10	Add'l
FPL 5% DISREGARD	47.88	64.63	81.38	98.13	114.88	131.63	148.38	165.13	181.88	198.63	16.8

MAGI MEDICAID INCOME LIMITS

*** MAGI groups do not have Reserve Limits – Only MAF-M group ***

Revised effective 4/1/2014

Family & Children's MA	1	2	3	4	5	6	7	8	9	10	Add'l
196% MPW	1907	2570	3233	3896	4559	5222	5885	6549	7212	7875	664
195% MAF-D	1897	2557	3216	3876	4536	5196	5855	6515	7175	7835	660
194%-210% MIC-1<1	1887.01-2043	2544.01-2753	3200.01-3464	3856.01-4174	4513.01-4885	5169.01-5595	5825.01-6306	6482.01-7016	7138.01-7727	7794.01-8437	711
194% MIC-N <1	1887	2544	3200	3856	4513	5169	5825	6482	7138	7794	657
141%-210% MIC-1 (Age 1-5)	1372.01-2043	1849.01-2753	2326.01-3464	2803.01-4174	3280.01-4885	3757.01-5595	4234.01-6306	4711.01-7016	5188.01-7727	5665.01-8437	711
141% MIC-N (Age 1-5)	1372	1849	2326	2803	3280	3757	4234	4711	5188	5665	478
107%-133% MIC-1 (Age 6-18)	1041.01-1294	1403.01-1744	1765.01-2194	2127.01-2644	2489.01-3094	2851.01-3544	3213.01-3994	3575.01-4444	3937.01-4894	4299.01-5344	450
107% MIC-N (Age 6-18)	1041	1403	1765	2127	2489	2851	3213	3575	3937	4299	363
MAF-C/N	434	569	667	744	824	901	975	1036	1096	1169	78
Reserve: MAF-M	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000
NC Health Choice	1	2	3	4	5	6	7	8	9	10	Add'l
133%-159% MIC-J (Age 6-18)	1249.01-1547	1744.01-2085	2194.01-2623	2644.01-3161	3094.01-3699	3544.01-4237	3994.01-4774	4444.01-5312	4894.01-5850	5344.01-6388	538
>159%-211% MIC-K (Age 6-18)	1547.01-2052	2085.01-2766	2623.01-3480	3161.01-4194	3699.01-4908	4237.01-5622	4774.01-6336	5312.01-7050	5850.01-7764	6388.01-8477	714
MAGI disregard	1	2	3	4	5	6	7	8	9	10	Add'l
FPL 5% DISREGARD	48.63	65.54	82.46	99.38	116.29	133.21	150.13	167.04	183.96	200.88	16.92